

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6597**

**BILL NUMBER:** HB 1134

**NOTE PREPARED:** Jan 29, 2012

**BILL AMENDED:** Jan 25, 2012

**SUBJECT:** Various Education Matters.

**FIRST AUTHOR:** Rep. Speedy

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Transportation Services*: This bill provides that no fee may be charged to a parent or student for transportation to and from school if a school corporation provides transportation or contracts with an educational service center to provide transportation.

*Non-Public School Student Transportation*: The bill provides that a school corporation that is required to provide transportation to a non-public school student is required to provide the transportation to or from the point on the regular route that is nearest or most easily accessible to the nonpublic school from which the student can safely walk to and from the nonpublic school.

*Drive Train and Lubricant Maintenance School Bus Life Extension Program*: The bill establishes the Drive Train and Lubricant Maintenance School Bus Life Extension Program. It provides that a governing body of a school corporation may elect to participate in the program by submitting an application to the Department of Local Government Finance (DLGF). The bill also provides that a governing body may be eligible to transfer an amount not to exceed the estimated savings which results from utilizing a school bus or special use bus beyond the useful life of the bus specified in the governing body's plan. It provides that a governing body must submit an annual report with an annual drive train and lubricant report to justify the estimated cost savings to the governing body. The bill provides that the DLGF may approve, deny, or modify the annual application. This bill provides that the governing body must provide the DLGF with any information that is necessary for the department to administer the program. It requires the department to establish criteria for calculating a governing body's cost savings.

The bill also makes technical corrections.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** (Revised) *Drive Train and Lubricant Maintenance School Bus Life Extension Program:* The increased cost for DLGF to administer the Drive Train Program should be minor and would depend on the number of schools choosing to participate in the program.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Transportation Services:* The bill could impact local expenditures and revenues for transportation services since school corporations would not be allowed to charge a fee for transportation services or provide transportation services through a third party that would charge a fee. This will limit a school's ability to provide transportation services if they are not able to support these expenditures within their existing budget and revenue sources.

Currently, a few school corporations are providing transportation services through a third party that charges a fee. For example, Franklin Township Community School Corporation in Marion County is one school that provides transportation through a third party. The parent is charged \$475 for the first child and \$405 for each additional student transported.

(Revised) *Non-Public School Student Transportation:* The impact of clarifying that public schools who transport non-public school students to the nearest or most accessible point to the nonpublic school from which the student can safely walk should have minor impact.

(Revised) *Drive Train and Lubricant Maintenance School Bus Life Extension Program:* Since the cost savings associated with the maintenance management changes described in the bill are currently available to schools, the impact of the bill is due to the potential opportunity to schools to transfer funds from their bus replacement funds to their general operating funds. The extent to which this opportunity to transfer funds will be available will depend on (1) individual school participation in the program, (2) the extent that current average bus life is limited by drive train and lubricant maintenance and not other factors, and (3) the actual cost reductions that may be attributable to extended bus life as determined by the DLGF.

**Background:** There are approximately 9,000 school buses in Indiana. The average purchase price of a bus is about \$105,000 and the resale value is about \$7,500. Under current statute, the transportation plan assumes that the minimum useful life of a school buses is 12 years. The cost to sample and analyze bus fluids would be about \$100 a year per bus. For FY 2011, schools spent about \$55.4 M on the purchase of school buses.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education; DLGF.

**Local Agencies Affected:** Local schools.

**Information Sources:** Department of Education biannual financial data, JG Lubricant Services.

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